

**THERE'S ONLY
ONE DONLIN.
AND ONLY ONE
NOVAGOLD.**

2020 SUSTAINABILITY SUMMARY



NOVAGOLD

NOVAGOLD is committed to responsible mining, protection of human life, encouragement of good health, good stewardship of the environment, and adding value to the communities in which we operate. We believe that mines can be developed in collaboration with people who have the local knowledge to help minimize environmental impacts while benefiting from economic activity. We're committed to the principles of sustainable development, including the conservation and preservation of natural resources and of the environment. We strive to achieve the highest possible standards through our workforce performance, actions, and conduct.

NOVAGOLD has thus far approached the disclosure of our environment, social, and governance (ESG) performance pragmatically as a development-stage company, disclosing benchmarks that we believe are the most relevant measurements of our performance.

The completion of federal permitting of the Donlin Gold project in 2018 marked a development milestone that has led to the next phase in the evolution of NOVAGOLD's ESG reporting against a backdrop of increasing interest from all stakeholders. The time is appropriate to increase transparency, accountability, and enhance the suite of ESG metrics the company discloses to stakeholders. We're committed to providing stage-appropriate and relevant information, to all stakeholders, about ESG performance in alignment with the Donlin Gold project partner Barrick Gold Corporation. NOVAGOLD is working with Barrick to implement international best practice and industry standards at the Donlin Gold project and plans to expand disclosure as the project eventually moves toward construction and into operation.

We are strong proponents of ongoing engagement and consultation with stakeholders through the entire development process. Our commitment to enhancing and improving social capital in the communities of the Yukon-Kuskokwim (Y-K) region has been integral to the Donlin Gold project from the outset. Additional training, hiring, and bidders' preference included in the life-of-mine agreements with our Native Corporation partners, Calista Corporation and The Kuskokwim Corporation (TKC), date back to the mid-1990s and provide economic benefits to the Native Corporations and their shareholders.

At the project level, Donlin Gold LLC has clearly defined responsibilities and commitments that align with NOVAGOLD and Barrick policies, standards, and management systems. Donlin Gold is not only committed to social responsibility, strong partnerships with local communities, and leaving a positive, sustainable legacy in the Y-K region; it's also focused on sustainable development that provides benefits over the long term through opportunities for direct and indirect employment, local procurement, and community development projects. As we advance the Donlin Gold project toward a construction decision, NOVAGOLD will continue to focus on ESG in all areas, but particularly on enhanced reporting of activities and key metrics; improving crisis emergency preparedness; continuing engagement with all local, regional, and state stakeholders with a focus on environmental improvement; launching local regional advisory committees to provide perspective and local knowledge on issues specific to the project; and partnering with more local organizations in the Y-K region to build on sustainable initiatives that will support environmental projects, education, and health and safety initiatives.

The first of the regional advisory committees has been formed under the Donlin Advisory Technical Review and Oversight Committee (DATROC). DATROC is a committee of Donlin Gold, Calista, and TKC representatives who monitor and provide oversight to the Donlin Gold project. The committee discusses environmental protection, cultural resources, subsistence uses, reclamation, and potential impacts on communities. Other advisory committees to be formed will include Environment, Transportation & Infrastructure, and Social & Cultural Responsibility.

NOVAGOLD welcomes comments, questions, or suggestions about this report and related information. Please send your feedback to info@novagold.com. ESG data tables can be seen on our Sustainability webpage at www.novagold.com/sustainability. Additional information and details about goal-setting methodology, practices, and measurement can be found in the 2021 Management Information Circular dated March 25, 2021 and available on www.sec.gov, www.sedar.com, and www.novagold.com.



The Donlin Gold project is located in the Kuskokwim belt of southwestern Alaska, just 10 miles north of Crooked Creek.

COVID-19

RESPONSE

NOVAGOLD and its partners implemented a wide-ranging set of protocols to ensure the safety and well-being of employees and contractors.

Facing the major global threat posed by COVID-19, in March 2020 NOVAGOLD and its partners implemented a wide-ranging set of protocols at our offices in Salt Lake City and Vancouver – and in conjunction with Barrick at the Donlin Gold project office in Anchorage and the Donlin Gold project site to ensure the safety and well-being of employees and contractors at these locations. To reduce risk, corporate office employees have been asked to continue to work remotely, avoid all non-essential travel, adhere to good hygiene practices, and engage in physical distancing for the foreseeable future. Among the small team at NOVAGOLD there have been no work-related cases of COVID-19. The following procedures, consistent with the State of Alaska’s health and safety rules, recommendations, and precautions, were designed to ensure the safety and well-being of employees and contractors at Donlin Gold work locations, as well as their families and local communities:

- ▶ COVID-19 testing of all employees and contractors traveling to the Donlin Gold project site¹
- ▶ charter flights used to safely transport employees to and from the project site, avoiding unnecessary potential exposures to COVID-19
- ▶ site medical staff conducting screenings for COVID-19 symptoms
- ▶ diligent sanitization practices training and proper personal protective equipment (PPE) provided to all site employees and contractors
- ▶ daily safety briefings before each shift reinforcing COVID-19 protocols with increased safety communication around hygiene and sanitization practices, physical distancing measures while at the project site, and education and awareness regarding self-identification of symptoms
- ▶ weekly engagement with employee tribal councils to navigate project site procedures and protocol

A history of interdependence among villages and a reliance on air and water travel eventually led to community spread of COVID-19 in area villages and resulted in various state and regional travel bans in the Y-K region, exacerbating the societal impacts – including supply chain interruptions and the need for assistance. Donlin Gold partnered with Calista and TKC, along with other key representatives in the region, to respond to urgent community needs. Donlin Gold support included food, PPE and cleaning supplies, diapers, formula, sanitary wipes, and COVID-19 health and safety training, as well as maintaining the ongoing partnership commitments in environmental management and training, including a focus on education and health.

After a brief suspension of drilling in March, Donlin Gold safely restarted the 2020 drill program following consultations with village tribal councils in the Y-K region, communicating procedures to safely re-open the project site and recommence site activities, and submission of a COVID-19 management plan to the State of Alaska. With Donlin Gold’s extensive communication program and application of health and safety protocols, no employees or contractors tested positive for COVID-19 at the site in 2020, and drilling was successfully completed in September.

Enhanced COVID-19 health protocols will remain in place for the foreseeable future at both NOVAGOLD offices and at Donlin Gold to protect the health of our workforce.

¹ In-state personnel required one negative test prior to going to project site; village personnel, two negative tests upon arrival and prior to returning to their village; out-of-state personnel, two negative tests prior to going to project site.

56

YUKON AND COASTAL VILLAGES AIDED

260

BOXES OF FRESH PRODUCE DISTRIBUTED

1,400

FACE MASK KITS ASSEMBLED AND SHIPPED PLUS ONE FOR EVERY STUDENT IN THE KUSPUK SCHOOL DISTRICT

4,189

Y-K ELDERS AND YOUTH FED IN 22 COMMUNITIES



COMING TOGETHER AT A TIME WHEN WE NEED EACH OTHER THE MOST.

Thousands of pounds of food from the Donlin Gold project site were delivered to shelters and to every home in eight Middle Kuskokwim villages when the project site temporarily closed due to the local travel ban.



Donlin Gold coordinated the delivery of food and supplies – including partnering with a local farmer to ship fresh vegetables to 56 Yukon and coastal communities after the regional airline went into bankruptcy and left communities without regular air carrier service.

PEOPLE

Our relationships, and support of each other, are at the core of the work we do together. Empowerment of all employees to be their best enable each of us to make a difference and give everyone a chance to be heard. These values extend to the communities in which we work; our employees are encouraged and supported to give back to their communities with paid time off when volunteering locally, either with their professional organizations or through non-profit community organizations.

In January 2015, NOVAGOLD adopted a Human Rights Policy accepting and embracing our responsibility to respect human rights as per the Universal Declaration of Human Rights, and as articulated within the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.

In 2020, women comprised 46 percent (six of 13) of NOVAGOLD’s employees. Selection of individuals for all positions with the company is guided by our Code of Business Conduct and Ethics, a policy that prohibits discrimination in any aspect of employment based on race, color, religion, ancestry, national origin, ethnicity, age, gender, pregnancy, genetic information (including of a family member), marital status, parenthood, disability, veteran status, sexual orientation, gender identity, gender expression, or other protected status. All Donlin Gold positions, including those hired through contractors, have a Calista and TKC shareholder hire preference. For the 2020 drill program, 80 percent of Donlin Gold’s direct hires were Alaska Natives. This is a continuation of the success of Donlin Gold’s local hiring program initiated during the exploration phase, and clearly demonstrates that the development of a skilled local workforce is an achievable goal.

Access to training and education are two of the important areas where we collaborate with our Native Corporation partners. For example, scholarships are awarded to students selected by Calista and TKC and funded by Donlin Gold. Calista has awarded scholarships to 225 students, 158 of whom attended, or are attending, Alaska post-secondary institutions. Among the scholarship recipients there are 10 Y-K villages represented, with chosen majors including business, education, engineering, health, humanities, and Indigenous studies. Donlin Gold also hosted two week-long virtual Alaska Resource Education minerals camps in 2020 for Y-K students.

A Donlin Gold workforce training and development plan will be implemented prior to construction and production activities. In addition, Donlin Gold will continue to foster a work environment that recognizes the unique nature of the region’s Alaska Native culture. Important items that will be considered in the development of the project include the importance of subsistence harvesting activities, cross-cultural training for employees and supervisors, the importance of family relationships, and providing local employment.

2020 DIVERSITY

80%	OF DIRECT HIRES FOR DONLIN GOLD’S DRILL PROGRAM WERE ALASKA NATIVES
46%	OF NOVAGOLD’S EMPLOYEES ARE WOMEN
8%	OF NOVAGOLD’S EMPLOYEES ARE ETHNIC MINORITIES
30%	OF NOVAGOLD’S BOARD MEMBERS ARE WOMEN
20%	OF NOVAGOLD’S BOARD MEMBERS ARE ETHNIC MINORITIES

Applicable Corporate Policies can be found at <https://www.novagold.com/company/governance/> including Environmental Policy; Code of Business Conduct and Ethics; Anti-Corruption, Anti-Bribery, Anti-Fraud; Health and Safety; Human Rights Policy; and Social License and Sustainable Development.

All Donlin Gold positions, including those hired through contractors, have a Calista and TKC shareholder hire preference.



EMPOWERMENT THAT MAKES A DIFFERENCE.

Empowerment of all employees to be their best enables each of us to make a difference and give everyone a chance to be heard.



HEALTH AND SAFETY

NOVAGOLD is committed to the safety, health, and welfare of our employees and their families, our contractors, and our visitors, as well as the safety and well-being of the communities in which we work. NOVAGOLD’s management is committed to providing leadership in health and safety. All team members take accountability for their personal safety and that of others working around them. We create a corporate culture that promotes safe work practices through individual and group employee motivation, safety achievement rewards, and safety performance recognition both in the workplace and in our local communities. Our practices reflect the objectives that are codified in our Health and Safety Policy.

NOVAGOLD, Donlin Gold, and our partners are committed to providing an environment in which all our people make it home safely every day and empowering individuals and communities to work together to ensure a bright future for everyone. This means:

- ▶ a focus on health and safety where we implement high standards for the protection of our workforce;
- ▶ promoting safety programs throughout the Y-K region; and,
- ▶ developing our current and future workforce with training and educational activities and programs – available throughout the Y-K region’s communities – that encourage employees and contractors to live a safe and healthy life beyond the workplace.

At the project level, Donlin Gold continued high standards of health and safety performance with a zero Lost Time Incident Frequency Rate¹ in 2020. The Total Recordable Incident Frequency Rate² in 2020 was 1.2, better than our goal of a maximum rate of 1.5. In 2020, Donlin Gold employees and contractors received more than 550 hours of health, safety, and emergency response training. Donlin Gold employees and contractors have worked more than 2.7 million hours over more than a decade without a Lost Time Incident (LTI) or fatality. Trained medical staff are based at the project site for response to and treatment of any injuries and any other employee health concerns. For seven consecutive years, Donlin Gold has been honored with the Barrick Gold Merit of Safety Award, a distinction that recognizes 365 consecutive days of zero LTIs. Winning this safety award is an example of Donlin Gold’s commitment to providing an injury-free workplace for all employees and contractors.

Our commitment to health and safety extends beyond the Donlin Gold project and into the communities in the Y-K region. Donlin Gold purchased 1,400 face mask kits from a local supplier that were shipped to 56 Y-K villages as well as to every student and staff member in the Kuspuk School District, home to more than 350 students over a 12,000 square-mile area. Donlin Gold coordinated with Tribal administrators to identify community members who could assemble the masks for Elders and people at greater risk of contracting COVID. Recognizing additional need in Bethel, the largest community in the region, Donlin Gold provided financial support to the Y-K Delta COVID-19 Response Fund and the Bethel Community Services Foundation’s vulnerable youth services fund.

Despite the challenges of COVID-19, Donlin Gold also continued to work with our Native Corporation partners on major community health and safety investments throughout the region.

2020 SAFETY

0	LOST-TIME INCIDENTS (LTI) OR FATALITIES
1.2	TOTAL RECORDABLE INCIDENT FREQUENCY RATE (GOAL: < 1.5) *
2.7M	CONSECUTIVE HOURS OVER MORE THAN 10 YEARS WITHOUT AN LTI

* Total Recordable Incident Frequency Rate (TRIFR) is defined as an incidence rate of lost time injuries, fatalities, and medical incidents and is computed using the formula: (number of injuries and illnesses X 200,000) / employee hours worked = TRIFR. Note: '200,000' represents the number of hours 100 employees work based on 40 hours per week, 50 weeks per year, and provides the standard base for calculating incidence rate for an entire year.

1 Lost Time Incident Frequency Rate is defined using the calculation of number of lost-time injuries per one million employee hours worked.
 2 Total Recordable Incident Frequency Rate is defined as an incidence rate of lost-time injuries, fatalities, and medical incidents and is computed using the formula: (number of injuries and illnesses X 200,000) / employee hours worked = medical incidence rate. Note: '200,000' represents the number of hours 100 employees work based on 40 hours per week, 50 weeks per year, and provides the standard base for calculating the incidence rate for an entire year.

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Twenty-eight community partners collaborated on the Donlin Gold Backhaul Hazardous Waste Removal project in 2020 to collect and remove 45,000 pounds of household hazardous materials.



In partnership with TKC, the village of Crooked Creek, and the Napaimute Tribe, Donlin Gold was the lead sponsor of a project to construct and maintain the upper portions of an ice road on the Kuskokwim River.

IMPROVING THE HEALTH OF OUR PEOPLE, OUR COMMUNITIES, AND OUR REGION.

PARTNERSHIPS

Barrick, a strong and well-established senior gold producer, is an equal partner with NOVAGOLD in the Donlin Gold project.

Our relationships in Alaska and in the Y-K region have been shaped by working together to achieve project milestones that increase project value for all stakeholders. Calista and TKC have been directly involved in outreach about the Donlin Gold project for more than two decades, and they have provided a conduit for sharing local knowledge through the public comment periods in the permitting process. This is consistent with their stated goal to increase shareholder benefits and economic opportunities through innovation, growth, leadership, partnership, execution, and financial discipline. To achieve this, they have developed internal and external workforce programs, including internships, training, apprenticeships, scholarships, and mentorships. Along with Barrick, Calista and TKC are active participants in our annual strategic planning sessions for the Donlin Gold project as well as community engagement and state and federal government interactions and initiatives.

All shareholders of Calista (subsurface rights owner) and TKC (surface rights owner) will benefit from the mine as landowners. The Alaska Native Claims Settlement Act (ANCSA) of 1971 resolved Alaska Native land claims, allotting 44 million acres for land use to Native Corporations. Land valuable for resource potential was selected by regional Corporations under ANCSA, and resource development companies were invited by the Native Corporations to explore the land. Benefits prescribed under ANCSA include revenue sharing under Sections 7(i) and 7(j) distributions that provide a formula to divide revenues earned from resource extraction between regional and village Native Corporations.

Donlin Gold prioritizes local hiring and invests in supporting communities throughout the region, benefiting residents directly and indirectly. One example is that 80 percent of Donlin Gold's direct hires for the 2020 drill program were Alaska Natives from the Y-K region. In addition to already being one of Southwest Alaska's largest employers, Donlin Gold also benefits the region's communities indirectly, through donations to Y-K nonprofit organizations, schools, training programs, sporting events, scholarships, and more.

In 2020, Donlin Gold signed Friendship Agreements with six Y-K villages that formalize current engagement. These Friendship Agreements build upon long-term relationships and address needs that are specific to each village, including water, sewer, and landfill projects; medical and other critical supplies to address hardships

caused by COVID-19; an ice road that connects remote villages in the Y-K region during the winter months; salmon studies; and suicide prevention programs.

In addition, Donlin Gold's life of mine agreements with both Calista and TKC call for them to have the opportunity to bid on all contracted work and receive bidders preference to encourage the use of local businesses. These agreements also require Donlin Gold to prioritize the hire of shareholders of these Native Corporations. These provisions have directly led to many contracts being awarded to Calista- and TKC-owned companies and employment for Y-K region residents at the project site.

Establishing collaborative working relationships with Y-K communities that function over the long term is essential to a solid development foundation based on respect for the values, the culture, and the language of the people of the Y-K region. Relationship-building is only possible when based on a sincere approach of openness, constructive dialogue, and mutual respect. As an example of this approach, Donlin Gold will continue to discuss options to mitigate or modify any project activities that could negatively impact stakeholders based on open and regular communication. Specifically, the natural gas pipeline that is envisioned to supply energy to the project site would reduce barging on the river, including barging of diesel fuel, and could provide a potential alternate energy source for the region. Following additional feedback, the pipeline was rerouted to avoid potential impacts on the Iditarod National Historic Trail. Ongoing feedback on project activities is coordinated through the DATROC, which is composed of senior leadership from Calista and TKC who advise the Donlin Gold Board on issues of specific interest to the communities.

During the early part of 2020, Donlin Gold was the lead sponsor of a project to construct and maintain the upper portions of an ice road on the Kuskokwim River from Crooked Creek to Sleetmute, and provided technical data to assist the roadbuilder. In a region that has few roads, this is a safe, critical pathway for supplies and access to medical care during the winter. This was the first time the ice road extended as far upriver as Sleetmute, greatly improving safety and access to nearby communities for residents in remote locations, creating economic opportunity for local trade and, pre-COVID-19, facilitating increased community cooperation for sports, social activities, and academics. At its completion in February 2020, the ice road's length constituted a record for the Kuskokwim River at 355 miles long.

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As part of Donlin Gold's ongoing community engagement efforts, Friendship Agreements were approved and signed by six Y-K communities.



**TANGIBLE, LONG-
LASTING BENEFITS
FOR ALL.**

ENVIRONMENTAL RESPONSIBILITY

NOVAGOLD recognizes environmental management as a corporate priority. Our employees, as well as Donlin Gold employees and contractors, care about preserving the environment for future generations while also providing for safe, responsible, and profitable operations for the benefit of employees, shareholders, and communities. We set and maintain standards of excellence for environmental performance at all our office and project locations. In this regard, the NOVAGOLD environmental policy sets out a statement of principles for all stages of a project: exploration, development, operation, and closure. Part of this commitment means preserving the local community's way of life: Donlin Gold is dedicated to protecting subsistence rights on the waters and lands that surround the project and honoring the traditions of Alaska Native culture practiced by our employees and neighbors.

NOVAGOLD's current environmental performance relates almost entirely to activities at the Donlin Gold project. It is our duty to support a project development plan that considers full life-of-mine risks and opportunities – from exploration through to construction, operation, and finally closure and reclamation. Dialogue with local communities and our Alaska Native partners, who offered generations of traditional knowledge about the local environment, began early in the project's history. Donlin Gold used this information to help guide the location, layout, and design of the project infrastructure to avoid sensitive and culturally important habitats and landscapes; this information was included in the Donlin Gold Final Environmental Impact Statement (FEIS), with project adjustments informed by engagement with Y-K region stakeholders.

An extensive environmental baseline-study program has been ongoing since 1996 to provide a foundation for responsible development. Resources and topics in the baseline-study program include air quality, fish and other aquatic resources, geotechnical conditions, hydrology/ground and surface water quality and quantity, land use, mercury, public health, socioeconomics, sediment quality, subsistence, vegetation, wetlands, and wildlife. Data from these studies have been used in the planning and design of the mine, and to establish environmental conditions prior to project development. All of this data has been submitted to regulatory agencies as part of the FEIS and permitting processes.

The Donlin Gold project team has been collecting background data for a fish protection plan with the understanding that protecting fish starts with protecting water. The project has been designed for no uncontrolled discharge of mine-contacted water.

Any water that comes in contact with mine facilities would be used in the milling process to the maximum extent practicable or treated and discharged according to stringent permit standards. Also of importance to stakeholders is the traffic plan for the river barges needed to transport fuel and other supplies to the site. Many of these materials will be transported up the Kuskokwim River during the open water shipping season, between June and October. Following completion of geotechnical and planning work, a comprehensive tailings management plan will be finalized. Donlin Gold is committed to the design, construction, operation, and closure of a tailings storage facility that will meet the requirements of the Global Industry Standard for Tailings Management as well as exceed design specifications of the State of Alaska's Dam Safety Program. The Donlin Gold tailings storage facility will be fully lined, and the main dam will be constructed using the Downstream Method,¹ globally considered to be the most stable design for tailings storage.

The potential environmental effects of the proposed mine project were detailed and evaluated as part of the National Environmental Policy Act process. The FEIS was issued in August 2018 and not only includes the potential effects of the project on climate change, but also the potential effects of climate change on the project itself; these risks are considered and have been incorporated in the project design. The effects of climate change, including the impacts of extreme weather conditions and melting permafrost, are incorporated into all permitting submissions, as well as design engineering and operational and closure planning. Further, the FEIS considered biodiversity by evaluating in detail the potential project effects on local, regional, and statewide flora and fauna populations, including important and sensitive species. The analysis specifically addressed how the ecosystem may change over time due to climate change. The project plan and permits include extensive biodiversity monitoring and mitigation requirements that will be fully implemented as Donlin Gold moves to project construction and operation. Finally, a reclamation and closure plan for the proposed mine project has already been developed and approved by the State of Alaska to ensure that, when mining activity ceases, the mine is closed, and the land is reclaimed and restored. As required by state law and consistent with leading practice, this plan will be reviewed and updated periodically throughout operations.

¹ See more information about different tailings storage facility designs at <https://donlingold.com/environment/tailings-management-plan/>.

COLLABORATING WITH REGIONAL STAKEHOLDERS TO MINIMIZE IMPACTS.



(Top to bottom) Donlin Gold employees sample water near the project to update baseline data; environmental tech Gerald Beans; Marguerite Tibbles of Owl Ridge Resource Consultants conducts an aquatic resource survey.

At Donlin Gold's current development stage, the site's existing potential for environmental impacts is based on a site camp of generally fewer than 100 employees and contractors, as was the case in 2020, at peak occupancy. Donlin Gold does not generate operational process waste or wastewater, produce tailings nor waste rock, or use any cyanide. All runoff from field activities, including drill sites, is managed to protect water quality under state permit requirements. All sanitary wastewater from the camp is treated prior to disposal. Therefore, current activities pose very low risk to the environment.

Consistent with our permit requirements and the corporate policies of NOVAGOLD and Donlin Gold, a very high level of environmental performance has been maintained at the project site in the past – and this continued throughout 2020. Detailed operating and monitoring plans and policies have been established for and implemented at the Donlin Gold project site that address safe drinking water and sanitary wastewater systems; stormwater management; spill prevention and control; fuel, oil, and hazardous materials management; wetlands protection; wildlife interactions; and many others. When the project site was occupied in 2020, the environmental team conducted daily inspections of all ongoing site activities as well as monitoring for potential releases to land and water. These areas include water and wastewater management, air quality, hazardous and other solid waste management, fuel storage and use (and associated spill risk), and the protection of biological resources around the site. Donlin Gold and its contractors have never been cited for any non-compliance with environmental regulations, standards, or permit requirements. All hazardous waste is strictly managed according to state and federal regulations. In 2020, Donlin Gold had no spills to water and no fuel or oil spills greater than 10 gallons (the threshold for reporting to government agencies). Per state permit requirements, Donlin Gold also stabilized and reclaimed all of the 2020 drill sites and associated drill access roads after work was completed in these areas.

In 2020, Donlin Gold continued studies to monitor and document environmental conditions in the project area. These included fish and wildlife studies in the Middle Kuskokwim River, such as the multi-year program to characterize rainbow smelt spawning. In this effort, Donlin Gold partnered with local residents to continue to update the species behavior under current conditions and how it is used locally as an important subsistence resource. Closer to the project site, Donlin Gold advanced fish habitat restoration plans for areas of the Crooked Creek watershed previously affected by historical placer mining. With construction planned to start in 2021, these projects will restore and reconnect

stream and pond habitats that will support Coho salmon and resident fish populations in the drainage. Finally, in 2020, Donlin Gold also conducted extensive water quality monitoring and aquatic resource surveys throughout the Crooked Creek watershed.

Due to Donlin Gold's remote location, on-site diesel-fired power generation and heaters are used to support current project site activities. In 2020, Donlin Gold's greenhouse gas emissions totaled 1,500 metric tonnes of CO₂. As the mine project moves forward – and as practicable – the use of more renewable energy sources such as wind or solar will be evaluated.

Donlin Gold used approximately 184,000 gallons of pumped ground water to support camp operations during 2020. Some additional surface water was temporarily used for drilling operations, but this water was quickly and safely returned to area streams. As previously noted, the project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. In addition, all water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.

At a broader level, hazardous waste management is a major community concern in the Y-K region because there are no safe, authorized sites in the region for long-term management and disposal. In the fall of 2020, Donlin Gold collaborated with 28 community partners, including regional and village tribal governments and Y-K region businesses, on the Donlin Gold Backhaul Hazardous Waste Removal Partnership to collect and remove approximately 45,000 pounds of household hazardous materials – such as fluorescent tubes, lead acid batteries, and electronic waste – for proper disposal. Donlin Gold was the primary funder of this endeavor, which built upon two previous disposal events. In 2019, nearly 100,000 pounds of hazardous and electronic waste was removed from 14 villages and Bethel on the Kuskokwim River and in 2018, the initial Green Star® Waste Backhaul Project removed close to 40,000 pounds of hazardous waste and materials from six Middle Kuskokwim villages. Donlin Gold is also working with TKC, the State of Alaska, and the Alaska Native Tribal Health Consortium to upgrade, as well as improve, health and safety standards of water and sewer services in Middle Kuskokwim area communities.

1.5k	METRIC TONNES OF CO ₂ IN GREENHOUSE GAS EMISSIONS
184k	GALLONS OF WATER USED TO SUPPORT CAMP OPERATIONS
0	CITATIONS OR FINES
0	HAZARDOUS MATERIAL SPILLS TO WATER OR LAND (>10 GALLONS)
28	COMMUNITY PARTNERS HELPED WITH THE DONLIN GOLD BACKHAUL HAZARDOUS WASTE REMOVAL PROGRAM
45k	POUNDS OF HOUSEHOLD HAZARDOUS MATERIALS REMOVED FROM Y-K VILLAGES



A barge arrives in Sleetmute, where it will be loaded up with household hazardous and electronic waste. Trained volunteers helped to remove 45,000 pounds of material from 10 Y-K villages in 2020.

COMMUNITY AND SOCIAL RESPONSIBILITY

Engaging with communities in a respectful and culturally sensitive manner while developing long-term, mutually beneficial relationships has been our approach since the early exploration of the Donlin Gold project.

NOVAGOLD is committed to respecting the history, culture, and customs of Indigenous communities who own, inhabit, or use lands on which the company operates. We respect the social, economic, and cultural rights of local and Indigenous people, strive to communicate with communities, stakeholders, and shareholders in an accurate and transparent manner, and endeavor to share success through partnerships with stakeholders in community development programs.

Donlin Gold promotes economic self-reliance among Native communities through employment opportunities, business enterprise support, economic diversification, maintenance of subsistence lifestyles, and preferential contract consideration for Native-owned suppliers. As noted above, these are consistent with the specific Native employment and contracting requirements included in our life-of-mine agreements with Calista and TKC. As the project progresses, Donlin Gold will continue to focus on developing programs that benefit local communities, including improved infrastructure, support for education and health services, cultural heritage preservation, employment and business opportunities, income from royalty streams and compensation payments, and environmental restoration and protection. Donlin Gold supports applicable principles and commitments in the International Council on Mining & Metals Position Statement on Mining and Indigenous Peoples, which promotes constructive relationships between the mining and metals industry and Indigenous people based on respect, meaningful engagement, and mutual benefit.

NOVAGOLD and its project partners are committed to preserving traditional lifestyles and providing economic opportunities to communities throughout the Y-K region, whose political and social structure is represented by a diverse group of social, business, and governmental entities. Relationships between these entities are often complex and influenced by competing political and economic interests. Calista, TKC, and a variety of other Alaska Native business entities and associations have an interest in the Donlin Gold project and its potential impact on the region. Engaging with communities in a respectful and culturally sensitive manner while developing long-term, mutually beneficial relationships has been our approach since the early exploration of the Donlin Gold project – and will continue throughout the life cycle of the project.

In 2020, we supported Donlin Gold as it continued a multi-decade collaboration on community development programs with Native Corporation partners. These programs throughout the region benefit education, community wellness, cultural preservation, and environmental stewardship. Donlin Gold supports a wide range of organizations and causes, from youth sports to scholarships to search and rescue.



\$3M

IN DIRECT PAYMENTS, SPONSORSHIPS,
AND COMMUNITY INITIATIVES

320

ENGAGEMENTS WITH COMMUNITIES
AND STAKEHOLDERS

\$8M

IN PURCHASES FROM 146 ALASKA-BASED
SUPPLIERS

17

NATIVE VILLAGES THAT DONLIN GOLD
EMPLOYEES CALL HOME



STRONG ALASKA NATIVE PARTNERSHIPS BENEFITING PEOPLE AND COMMUNITIES THROUGHOUT THE REGION.

NOVAGOLD and its project partners are committed to preserving traditional lifestyles and providing economic opportunities to communities throughout the Y-K region.



The arrival of the COVID-19 pandemic in Alaska deepened these strong relationships while introducing the Donlin Gold community relations team to new – and primarily virtual – collaborations with villages in the Y-K region. Donlin Gold had more than 320 contacts with key individual stakeholders and community organizations in 2020, twice the usual number of contact events made in previous years, with most communication occurring by telephone or video conference. Donlin Gold was able to reach out to communities and Tribes multiple times during 2020, including many they had not connected with in prior years. Usual stakeholder engagement involves regular in-person meetings with key community leaders, community group update presentations, program development consultation, responding to environmental issues, and education and assistance with health and safety matters. From regular engagement with tribal councils to seeking partnerships with new parties, Donlin Gold was able to stay connected to advance key activities and projects throughout the region. Donlin Gold is guided in its approach by a detailed stakeholder engagement plan that uses stakeholder identification and looks at their level of responsibility, influence, proximity, dependency, and representation in the project region. As part of ongoing stakeholder mapping, organizations and individuals are categorized as low- or high-influence as well as low- or high-impact in their relationship to the project. In addition, stakeholder surveys are regularly conducted in Alaska to uncover information or identify communication gaps and provide perception mapping of the project. An example of this is Calista's 2020 media campaign "Truly Our Project," which communicated that the Donlin Gold project is located on Calista land – something surveys had indicated most Calista shareholders were not aware of.

Donlin Gold works hard to address all concerns raised by residents of the Y-K region through its ongoing stakeholder engagement efforts. Community concerns or complaints may be conveyed in-person or by telephone with one of the community development or community relations personnel, or submitted through an anonymous online contact form. There were no grievances related to human rights (or any topic) filed in 2020, and there were no unresolved complaints outstanding at the end of the previous year. Still, Y-K region stakeholders regularly request information or share topics of concern with community relations staff, including employment opportunities, timing of project development, and increased health and safety protocols related to COVID-19.


Donlin Gold's multi-decade collaboration on community development programs with Native Corporation partners is one aspect of the stakeholder outreach program. Another is the sponsorship of local events and participants. The Kuskokwim 300 is considered to be the premiere mid-distance dog sled race in the world, covering a 300-mile trail stretching from Bethel across tundra and the Kuskokwim River to Aniak upriver and back. It is a popular regional event that is supported through community investment funding by Donlin Gold. In January 2020, prior to the arrival of COVID-19 in Alaska, Pete Kaiser, a Donlin Gold-sponsored musher and 2019 Iditarod sled dog race champion, won the Kuskokwim 300. Kaiser was born and raised in Bethel and is the first Yup'ik musher and the fifth Alaska Native to win an Iditarod championship.

Kaiser takes a leadership role in speaking with youth in the community about suicide prevention and his musher coat has a stitched-on patch that states "Suicide is never the answer." Suicide is the second leading cause of death in the United States among individuals between the ages of 10 and 34. Based on CDC 2019 data, Alaska has the second-highest suicide rate of any state, with suicide being the leading cause of death among Alaska youth over the age of 15.

Donlin Gold also sponsored four Iron Dog teams for the annual snowmobile race in February. The Iron Dog is the world's longest snowmobile race and covers more than 2,600 miles as it traverses the Alaskan backcountry. These races are traditions in the region and receive much local support, international media coverage, and fans along the route and at each checkpoint.

Following the temporary closure of the project camp due to COVID-19 travel restrictions, Donlin Gold donated thousands of pounds of food to shelters and to every home in eight Middle Kuskokwim villages. Additional support of communities during the pandemic was the result of partnering with the Campfire Organization, the Association of Village Council Presidents, and the Yukon-Kuskokwim Health Corporation to fund Elder and youth meals throughout the summer – serving 22 communities, 4,189 individuals, and a total of 34,000 meals to Elders and youth in the region. In addition, 260 boxes of fresh produce were distributed to 56 villages.

Donlin Gold is also supporting TKC in a local community development project to improve energy efficiency and develop reliable energy generation in all villages in the Middle Kuskokwim region. Other ongoing initiatives include providing online activities and programs for youth and Elders, strengthening sponsorships with investments in the First Alaskans Institute at the 2020 Elders & Youth Statewide conference and the Alaska Federation of Natives annual convention.



The coastal village of Kongiganak is located approximately 220 miles from the Donlin Gold project. The 430-person village is one of the 56 villages in the Y-K region that Donlin Gold engages with.

GOVERNANCE AND CORPORATE POLICIES

NOVAGOLD is committed to maintaining robust corporate governance practices that enable us to achieve our company goals and maintain the trust and confidence of our investors, employees, regulatory agencies, and other stakeholders. We recognize the importance of consistent, transparent, and proactive communication, and feel that facilitating our stakeholders' opportunities to share their perspectives with us help deepen our understanding of their interests, concerns, and priorities.

The company establishes rigorous annual goals and discloses details of levels of achievement for the goals of the previous year and for the upcoming year in the Management Information Circular. The executive team and the board work together to set long-term strategic company goals and short-term annual goals. The assessment of performance against these goals is monitored regularly during the year by the board. At the end of each year, the compensation committee leads the annual review of company goal-setting and performance, executive performance evaluations, and setting of the executive and director compensation programs, as well as provides recommendations on those topics to the board for its consideration.

NOVAGOLD's board of directors and management team acknowledge the importance of diversity, including experience, race, ethnicity, gender, age, and cultural background, because we value the contributions of differing perspectives (which have also been shown to correlate with long-term business success). When considering candidates for executive positions, the company's evaluation considers the broadest possible assessment of each candidate's skills and background, the overriding objective to ensure the appropriate balance of skills, experience, and capacity necessary to be successful. Because of this objective, the company has not set targets for specific percentages of women, or other aspects of diversity, in executive positions. Forty-six percent of NOVAGOLD's employees are women.

NOVAGOLD's board of directors' obligation is to oversee corporate strategy and governance, key functions in advising management on strategic direction and practices, employee well-being, and partnerships. Eight of the company's 10 board members are independent, three of whom are women.

The environmental, health, safety and sustainability and technical committee is a standing sub-committee of the NOVAGOLD board, to which the board has delegated certain responsibilities relating to oversight for the development, implementation, and monitoring of the company's health, safety,

environment, and sustainability policies, including the company's ESG performance and disclosures. There are five members on the committee with a cumulative total of senior mining management industry experience of greater than 160 years. All committee members except NOVAGOLD's president and CEO, Greg Lang, are independent. The committee is composed of directors with knowledge and experience in the areas of environmental stewardship and compliance, social license, worker safety, and technical expertise in the permitting, planning, development, and operation of large mines. While the board is ultimately responsible for oversight of the company's ESG performance, the committee reviews the company's environmental and social engagement performance at every committee meeting and provides strategic direction to management on these matters. The committee provides a report at each regular board meeting.

After our 2017 and 2018 annual shareholder meetings, we commenced post-proxy shareholder engagement campaigns in response to suboptimal approval rates for our annual advisory say-on-pay resolution. Members of management, and, in some cases, members of both the compensation and the corporate governance and nominations committees participated in these meetings. The engagement resulted in the implementation of changes to the executive compensation program, the adoption of a board service policy, and adoption of an executive compensation clawback policy. We were pleased to see that the changes implemented after listening to our shareholders resulted in higher approval ratings of the say-on-pay proposal at our 2019 and 2020 annual shareholder meetings.

Other governance changes in the past three years include the departure of four long-tenured directors and the addition of three new independent directors; the reduction of the board size from 11 to 10 seats; an increase in the number of women on the board from one to three; and the adoption of a board service policy to prevent over-boarding. There have also been numerous changes to the company's executive compensation program since 2017 that have had the cumulative effect of reduced total compensation. The company's revised approach to executive compensation resulted in the say-on-pay resolution receiving 87 percent approval at the 2020 annual shareholder meeting.

For more information, please refer to the Sustainability page on our website at www.novagold.com/sustainability/.

CORPORATE GOVERNANCE SUMMARY – CHANGES, 2017-2020

BOARD OF DIRECTORS

- ▶ four directors have stepped down: Dr. Marc Faber, Gerald McConnell, Gil Leathley, Rick Van Nieuwenhuysse
- ▶ three directors have been added: Dr. Diane Garrett, Ethan Schutt, Dr. Elaine Dorward-King
- ▶ reduced board size from 11 to 10
- ▶ increased gender diversity from 9% to 30%
- ▶ board nominee slate is 80% independent
- ▶ adopted a board service policy to prevent overboarding

SHARE OWNERSHIP REQUIREMENTS

- ▶ increased director share ownership requirements to an amount equal to 3X annual retainer within five years of joining board (effective August 2020)
- ▶ increased CEO share ownership requirement to an amount equal to 5X annual salary from 3X (effective August 2020)

EXECUTIVE COMPENSATION

- ▶ Summary Compensation Table (SCT) shows reduction in executive comp since 2017
 - ▶ Realized pay is generally lower than realizable pay and SCT pay*
-
- ▶ extended vesting period for options and Performance Share Units (PSUs) from two to three years (effective December 2017)
 - ▶ eliminated individual performance rating as a multiplier for long-term incentive award value
 - ▶ CEO base salary unchanged for three years (2017-2019)
-
- ▶ added a double-trigger change of control provision to option plan and PSU plan before award vesting is accelerated (effective January 2019)
 - ▶ adopted an executive compensation clawback policy
 - ▶ enhanced the description of annual company goals, including threshold, target, and maximum achievement descriptions

STOCK AWARD, PERFORMANCE SHARE UNIT, AND DEFERRED SHARE UNIT PLANS APPROVED BY SHAREHOLDERS IN 2020[†]

- ▶ stock award plan amendment – reduced plan share pool size to 8% of issued and outstanding shares down from 10%

* Refer to Realized and Realizable Pay Tables in Management Information Circular.

[†] Required every three years by the TSX.

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